

Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 IO-13 ISO-00 FEA-01 AGRE-00 CEA-01

CIAE-00 DODE-00 EB-07 FRB-03 H-02 INR-07 INT-05 L-03

LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

OIC-02 AF-08 ARA-06 EA-07 NEA-10 /134 R

DRAFTED BY COM/BIEPR/OTP/A.STOLER:CJF

APPROVED BY STR:W.B.KELLY,JR.

STR:D.WHITNACK

AGRICULTURE: G.WHITE

COMMERCE: H.BRATT

LABOR: D.WANAMAKER

STATE: T.WESTON

TREASURY: W.BARREDA

USITC: W.HART

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FM SECSTATE WASHDC

TO USMISSION GENEVA

INFO USDEL MTN GENEVA

AMEMBASSY OTTAWA

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E.O. 11652: N/A

TAGS: ETRD, GATT, CA

SUBJECT: CANADIAN WITHDRAWAL OF BINDINGS ON LIQUEURS

REFERENCE: GATT SECRET/224/ADD.4, JUNE 4, 1976

1. THE TRADE POLICY STAFF COMMITTEE (TPSC) HAS REVIEWED

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CANADA'S WITHDRAWAL OF BINDINGS IN THE CANADIAN GATT SCHED-

ULE ON TARIFF ITEM 15625-1, LIQUEURS. IN 1975, CANADA IMPORTED CANADIAN DOLLARS 1,364,000 IN LIQUEURS FROM THE UNITED STATES, WHICH AMOUNTED TO APPROXIMATELY 8.5 PERCENT OF TOTAL CANADIAN LIQUEUR IMPORTS THAT YEAR. IT IS APPARENT FROM THE INFORMATION SUPPLIED BY CANADA IN ITS NOTIFICATION OF WITHDRAWAL OF CONCESSIONS THAT THE UNITED STATES HAS A SUBSTANTIAL INTEREST AS A SUPPLIER OF LIQUEURS TO CANADA AND THAT U.S. EXPORTS OF LIQUEURS TO CANADA HAVE INCREASED SIGNIFICANTLY IN RECENT YEARS. SHOULD THE CANADIAN WITHDRAWAL OF BINDINGS ON TARIFF ITEM 15625-1, LIQUEURS, RESULT IN INCREASED IMPORT DUTIES, U.S. EXPORTS OF LIQUEURS TO CANADA ARE EXPECTED TO BE ADVERSELY AFFECTED.

2. UPON RECEIPT OF GATT/SECRET/224/ADD.4, COMMERCE MADE INQUIRIES OF THE CANADIAN EMBASSY'S COMMERCIAL COUNSELLOR AS TO CANADA'S INTENTIONS WITH RESPECT TO THE DUTY ON TARIFF ITEM 15625-1, LIQUEURS. AFTER CHECKING WITH OTTAWA, HE INFORMED US THAT THE GOC HAS NO PRESENT INTENTION OF RAISING THE DUTY. NEVERTHELESS, THE TPSC FEELS THAT THE REAL VALUE OF THE CONCESSION LIES IN ITS BINDING AND THAT ACTION SHOULD BE TAKEN TO PROTECT THE GROWING U.S. TRADE INTEREST IN LIQUEURS EXPORTS TO CANADA.

3. ACTION REQUESTED: MISSION SHOULD INFORM THE CANADIANS AND THE GATT THAT THE U.S. WISHES TO CONSULT WITH CANADA FOR THE PURPOSE OF EFFECTING AN EX-OUT TARIFF CATEGORY TO PROTECT PRINCIPAL U.S. LIQUEURS EXPORTS TO CANADA. IN THE CONSULTATIONS, MISSION SHOULD SEEK THE ESTABLISHMENT OF THE FOLLOWING TARIFF ITEM IN THE CANADIAN CUSTOMS TARIFF, AND THE BINDING OF THE MFN RATE OF DUTY:

15625-2: CORDIALS AND LIQUEURS OBTAINED BY MIXING OR REDISTILLING DISTILLED SPIRITS WITH OR OVER THE FRUIT, FLOWERS, BEANS OR PLANTS OF COFFEE OR APPLES OR PURE JUICES THEREFROM, OR OTHER NATURAL FLAVORING MATERIALS, OR WITH THE EXTRACTS DERIVED FROM INFUSIONS, PERCOLATION OR MACERATION OF SUCH MATERIALS; THE RESULTING LIQUEUR BEING DISTINCTIVELY APPLE OR COFFEE FLAVORED.

MFN RATE: PER GALLON OF THE STRENGTH OF PROOF, CANADIAN LIMITED OFFICIAL USE

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DOLLARS 0.50.

4. SHOULD THE MISSION BE UNSUCCESSFUL IN OBTAINING THIS, OR AN ESSENTIALLY SIMILAR, EX-OUT TARIFF ITEM, THE MISSION SHOULD ADVISE THE CANADIAN DELEGATION OF OUR INTENT TO SEEK OTHER CONCESSIONS TO COMPENSATE THE UNITED STATES FOR CANADA'S WITHDRAWAL OF BINDINGS ON TARIFF ITEM 15625-1, LIQUEURS.

5. THE TPSC APPROVED PAPER IS BEING POUCHED. KISSINGER

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